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# State of Utah

## Department of Commerce

### Division of Securities

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## NEWS RELEASE

December 17, 2007

### **Order Entered Against Commodities Promoter for Fraud**

***Warner took \$521,250 from 12 investors, including \$20,000 from a senior citizen . . .***

**SALT LAKE CITY, Utah** – Kevin L. Warner LLC, was ordered today to cease and desist from violating Utah's securities laws and was fined \$55,000. This limited liability company is owned by Kevin Larry Warner, of West Point, Utah, but managed by two associates. The cease and desist order was entered by the Utah Division of Securities by default after the company failed to defend itself in a securities fraud enforcement action filed on September 10, 2007.

The default order concludes that Kevin Warner solicited investments in his company to start a commodity pool. Warner told the investors that only the investors and Warner would be involved in the pool, that Warner would not take any commissions, and that the money would all be used to trade commodity futures contracts. These statements were all false.

Instead, Warner used all the investor funds to pay personal debts and to pay other investors. These expenses included cash withdrawals, paying phone bills, office rent, and payroll expenses. Warner also falsely told the investors that he put \$10,000 of his own money into the trading account, his trading system was working well, and investors could get their money back at any time. Warner failed to disclose to investors how the funds were actually being used, that he had previously filed for bankruptcy, and that account statements provided to investors were fraudulent – created by Warner on his computer.

Warner made monthly payments to some investors but still owes investors most of the amount taken from them. Default orders were entered on October 23 against Warner and five other companies: SCI Partners, LLC, Strategic Traders LLC, Strategic Investors LLC, Pro Traders Club LLC, and Go 2 Investments LLC. With today's order, the Division's case against Warner and his companies is concluded.

The Utah Attorney General's Office filed criminal charges against Warner on September 20. Those charges are still pending.